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Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 NEA-10 ISO-00 H-02 L-02 IO-10 SP-02

AID-05 EB-07 NSC-05 RSC-01 CIEP-02 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 PA-02 PRS-01 USIA-15

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P 230203Z DEC 74
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 9323
INFO AMEMBASSY ISLAMABAD
AMCONSUL LAHORE

UNCLAS MANILA 15000

USADB

E.O. 11652: N/A
TAGS: EAID, EFIN
SUBJ: TREASURY/CONGRESSIONAL VISIT TO INDIA AND PAKISTAN

REF: TREASURY 74-35

FOLLOWING IS SUMMARY OF ADB OPERATIONS IN PAKISTAN FOR GENERAL BACKGROUND BRIEFING REQUESTED REFTEL:

1. PAKISTAN IS ONE OF MAJOR BORROWERS OF BANK, HAVING RECEIVED LOANS AMOUNTING TO $238.22 MILLION FOR 11 PROJECTS TO DATE, OR 12.4 PERCENT OF BANK'S TOTAL LOAN PORTFOLIO AS OF END 1974. IT IS THIRD LARGEST RECEIPIENT OF BANK FINANCING AFTER KOREA (17.5 PERCENT) AND PHILIPPINES (12.6 PERCENT). OF TOTAL LOANS TO PAKISTAN, $172.17 MILLION HAS BEEN FINANCED FROM ORDINARY CAPITAL RESOURCES AND $66.05 MILLION FROM CONCESSIONAL SPECIAL FUNDS. IN 1974 ALONE, PAKISTAN RECEIVED $100.17 MILLION IN LOANS
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FOR SUI-KARACHI GAS PIPELINE AND TERBELA HYDROPOWER

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PROJECTS.

2. BANK HAS ALSO APPROVED TECHNICAL ASSISTANCE (TA) TO PAKISTAN, AMOUNTING TO $650,000 TO DATE FOR FOUR PROJECTS TO FINANCE FEASIBILITY STUDIES TO BE UNDERTAKEN BY FOREIGN CONSULTANTS.

3. BANK'S ASSISTANCE TO PAKISTAN (BOTH LOANS AND TA) HAS BEEN CONCENTRATED ON FINANCING ENERGY SECTOR INCLUDING POWER (41.7 PERCENT) AND GAS PIPELINE (22.3 PERCENT). NEXT LARGEST SECTORS RECEIVING ASSISTANCE ARE INDUSTRY (17.6 PERCENT) AND DEVELOPMENT BANKS (15.5 PERCENT).

4. PAKISTAN IS EXPECTED TO CONTINUE TO BE ONE OF BANK'S MAJOR BORROWERS IN FUTURE, RECEIVING LOANS AMOUNTING TO OVER $100 MILLION EACH YEAR. $34 MILLION LOAN FOR TARBELA PROJECT IN 1974 FROM SPECIAL FUNDS RESOURCES REPRESENTED ABOUT 20 PERCENT OF BANK'S TOTAL LENDING FROM SF RESOURCES FOR YEAR. TAKING INTO ACCOUNT COUNTRY'S RELATIVELY LOW LEVEL OF PER CAPITA INCOME AND INCREASING DEBT SERVICE BURDEN, BANK EXPECTS TO CONTINUE PROVIDING SOME PORTION OF FINANCING FOR PAKISTAN FROM SF RESOURCES.

5. BANK'S FUTURE ASSISTANCE TO PAKISTAN WILL BE EXTENDED AS IN PAST TO PROJECTS MAINLY FOR DEVELOPMENT OF INFRA-STRUCTURE (INCLUDING POWER, PORT AND WATER SUPPLY SECTORS) AND INDUSTRY (INCLUDING SMALL AND MEDIUM INDUSTRIES THROUGH BANK'S CREDIT LINES TO DEVELOPMENT FINANCE INTERMEDIARIES).

6. GOVT OF PAKISTAN IS PRESENTLY PREPARING FIFTH FIVE-YEAR PLAN COVERING PERIOD 1975-76 - 1979/80. IN VIEW OF CONTINUED BALANCE OF PAYMENTS DIFFICULTY, EXPORT PROMOTION AS WELL AS IMPORT SUBSTITUTION EFFORTS IN INDUSTRIAL DEVELOPMENT WILL BE EMPHASIZED UNDER FIFTH PLAN. BANK'S OPERATIONS WILL REFLECT GOVT'S PLANS AND PRIORITIES.

7. PAKISTAN HAS SHORTAGE OF FOODS, CURRENTLY IMPORTING ABOUT 1.2 TO 1.5 MILLION TONS OF WHEAT ANNUALLY, AND GOVT
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HAS ACCORDED TOP PRIORITY TO DEVELOPMENT OF WATER RE-SOURCES BY CONSTRUCTING IRRIGATION FACILITIES AS WELL AS INCREASED PRODUCTION OF FERTILIZERS. BANK WILL UN-DOUBTEDLY TAKE INTO ACCOUNT THESE PRIORITY AREAS IN ITS FUTURE OPERATIONS.
SULLIVAN

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